FOREIGN AGRICULTURE

Tilling farmland, Japan.

January 27, 1975

U.S. Meat Import Curbs

World Oilmeal Output

Foreign
Agricultural
Service
U.S. DEPARTMENT
OF AGRICULTURE

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In this issue:

2 Japan To Retain Top Spot as U.S. Farm Export Market By Bruce L. Greenshields
5 Voluntary Curbs Proposed on U.S. Imports of Meat
7 World's Oilmeal Output To Dip in 1975, as Feed Demand Slides By Alan E. Holz
8 U.S. Livestock, Meat Prices Spur Trade with Mexico
10 U.S. Cotton Exports Decline in 1974-75, But Recovery Seen By Joseph H. Stevenson
12 USDA Team Surveys Soviet Farm Planning System By H. Reiter Webb, Jr.
14 World's Supplies of Sugar To Remain Tight During 1975 By Leslie C. Hurt
15 U.S. and USSR Officials Discuss Agricultural Cooperation By John M. Beshoar
17 Crops and Markets

This week's cover:

Farm plots in Japan are usually small and mechanization is limited primarily to the use of small equipment, such as these tillers. See article beginning this page.

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Japan To Retain Top Spot As U.S. Farm Export Market

By BRUCE L. GREENSHIELDS
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JAPAN—LEADING U.S. farm market for the past 4 years—is likely to hold firmly to its No. 1 position in fiscal 1975, which began last July 1. Mainly because of higher price tags on most U.S. farm products, the value of Japan's purchases of U.S. agricultural products this fiscal year could equal fiscal 1974's alltime record of $3.4 billion.

The volume of U.S. exports to Japan is slated to slide by an unprecedented 10 percent in fiscal 1975, however, compared with only a 1 percent dip last year. A slump in the U.S. share of Japan's farm imports is anticipated, particularly for grains, coupled with a slowdown in Japanese imports of farm products from all sources.

During the past two decades Japan has become accustomed to unbroken prosperity and astonishing growth rates averaging 10 percent a year—factors that have contributed to the rise of U.S. agricultural sales there.

Now, beset by internal problems common to many other developed countries —inflation, no growth, trade deficits, some unemployment—Japan has kept a lid on the volume of commodity imports since 1973. Recent indicators, however, suggest that a recovery may be in progress in certain areas of the Japanese economy.

Market prospects for U.S. agricultural exports to Japan in fiscal 1975 are mixed at best and further complicated by the large number of forward contracts that are designed to cover import needs in case supplies are restricted, but which may never fully materialize.

In the first 5 months of fiscal 1975 (July-November), the volume of Japan's purchases of U.S. farm products was generally well below these months of last year.

U.S. shipments of wheat were down 3 percent, corn had dropped 31 percent, and soybeans were off 2 percent. Cotton exports, on the other hand, gained by 39 percent, while tobacco rose by 47 percent.

For all of fiscal 1975, the U.S. share of Japan's coarse grain imports is projected to decline to about two-thirds of the import total, against over 70 percent in fiscal 1974. Japan's coarse grain imports will probably total 12.5 million metric tons in fiscal 1975—1.5 million less than the record 14 million imported the previous year.

The slight decline of the U.S. share is due largely to the reduced export availability of U.S. corn and sorghum this year, and to the more plentiful supplies of corn from South Africa and Thailand and sorghum from Australia and Argentina. Further, Japan's output of livestock products showed little growth in calendar 1974, so that feed requirements were virtually unchanged from 1973.

"The volume of U.S. farm exports to Japan is slated to slide by an unprecedented 10 percent in fiscal 1975, compared with only a 1 percent dip last year. A slump in the U.S. share is anticipated . . ."

Japan is also drawing down stocks to meet feedgrain needs—an action that is depressing feed import requirements.

Of Japan's total wheat imports, the U.S. share may advance slightly in fiscal 1975, owing principally to a slump in the export availability of bread wheats from Canada, which may more than offset an expected increase in Australia's production.

Japan's soybean imports from the United States are expected to recover slightly in fiscal 1975 from the shock of the energy crisis and the depressive factors now influencing the Japanese feed economy.

The U.S. share of cotton imports may fall in fiscal 1975 from the unusually high level of fiscal 1974. U.S. exporters of raw cotton were dependable suppliers at a time when many other countries did not deliver cotton at prices specified in contracts made prior to the 1973 surge in raw cotton prices.

U.S. tobacco's share of the Japan market is not expected to change significantly. In that market, U.S. flue-cured tobacco tends to complement oriental tobacco in blends, rather than compete with it.

The major competition with U.S. flue-cured tobacco comes from Japan's own flue-cured production, which was expected to decline to 87,000 metric tons in 1974 from 92,000 tons in 1973.

Japan's major overseas flue-cured suppliers, besides the United States, are India and Thailand. Rhodesia was the principal U.S. competitor in Japan's flue-cured import market until the trade sanctions against Rhodesia began in late 1965. The major suppliers of Japan's oriental tobacco imports are Turkey and Greece.

In spite of cutbacks in the volume of Japan's farm imports from the United States, consumer demand for food is growing in Japan and land resources to meet that demand are limited.

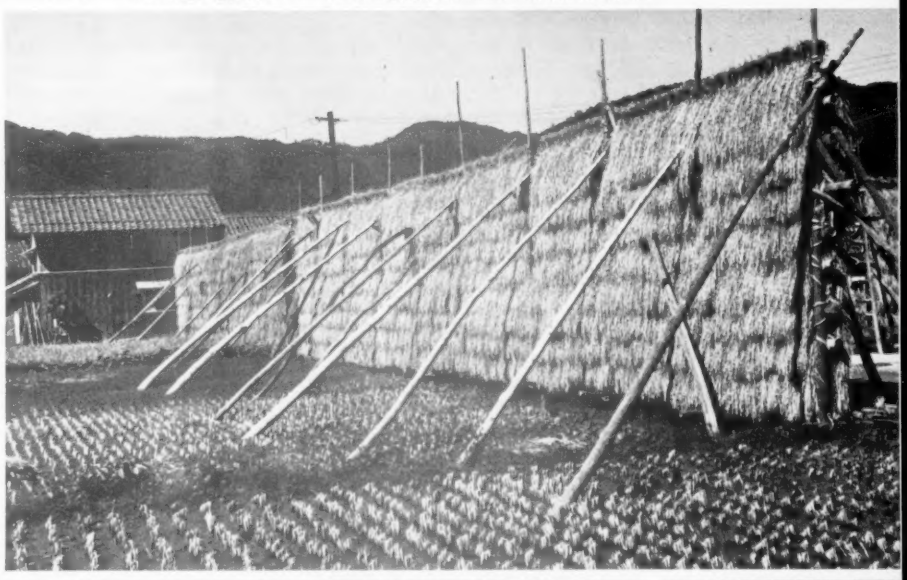
In fact, there is no economically feasible way for Japan to substitute for imports of wheat, corn, sorghum, and soybeans through expanded domestic production. For example, over half of the arable land is planted in rice. To maintain self-sufficiency in rice production, Japan has set a support price that is nearly three times that received by the U.S. rice farmer for his output.

U.S. exporters have reported that Japanese trading companies have already contracted for quantities of corn, sorghum, soybeans, and cotton in excess of their expected needs. It is not likely, however, that all of these outstanding sales will be delivered.

Japanese trading companies have many options open to them, such as diverting shipments to third countries, deferring delivery, renegotiating quantities, or cancelling outright. The contracts may be in excess of the anticipated true level of imports so that trading companies will have a large base to hedge against what they perceive as the possibility of U.S. export controls.

In the long run, U.S. agricultural exports to Japan will depend to a large

Tokyo cigarette shop, left, is one of about 30 throughout Japan subsidized by the Japan Tobacco Corporation. In fiscal 1975, Japan's imports of U.S. unmanufactured leaf for use in blends are likely to stay on par with last year's. Still, Japan's agricultural output cannot substitute for food imports, partly because over half of the limited arable land is planted in rice, below. Grain elevator in the Abashiri district, bottom, is used for wheat storage. Of Japan's total wheat imports, the U.S. share may advance in fiscal 1975.



extent on Japan's economic growth. Such growth, in turn, is tied to the state of the world economy, since Japan, more than other developed countries, relies heavily on the value added to its products in international trade.

When the world economy recovers from the current worldwide recession, its rate of recovery is likely to be eclipsed by that of Japan. Japan has embarked on a bold plan to restructure its industrial sector to meet changing world economic conditions.

According to the plan, Japan's potential comparative advantage in international trade lies in the area of knowledge-intensive, high-technology industries. Heavy industry, especially high-energy-consuming industries, are to be moved out of Japan and closer to the resources they consume.

Recent indicators suggest that a recovery may already be underway in some areas of Japan's economy. An analysis of monthly data indicates that Japan is already achieving considerable success in controlling domestic inflation and in obtaining balance-of-payments surpluses.

Wholesale prices in October 1974, for example, were 29 percent higher than in October 1973, but only 6 percent above those of February 1974. In other words, the annual rate of increase of wholesale prices since February has been a relatively low 8 percent.

Japan's trade balance was in deficit each month from January to May of 1974, but has been in surplus every month since then, and by increasingly larger amounts. Although the overall balance of payments was in deficit by $10 billion in 1973 and by $8 billion during January-July 1974, it has been in surplus since August 1974.

In calendar 1974 Japan's gross national output declined slightly—in terms of the volume of goods and services produced. A major factor in that economic decline was the deterioration of Japan's terms of trade—that is, import prices increased faster than export prices. Japan's imports in 1974 were mostly primary commodities such as food, raw materials, and mineral fuels, whereas exports were predominantly manufactured products.

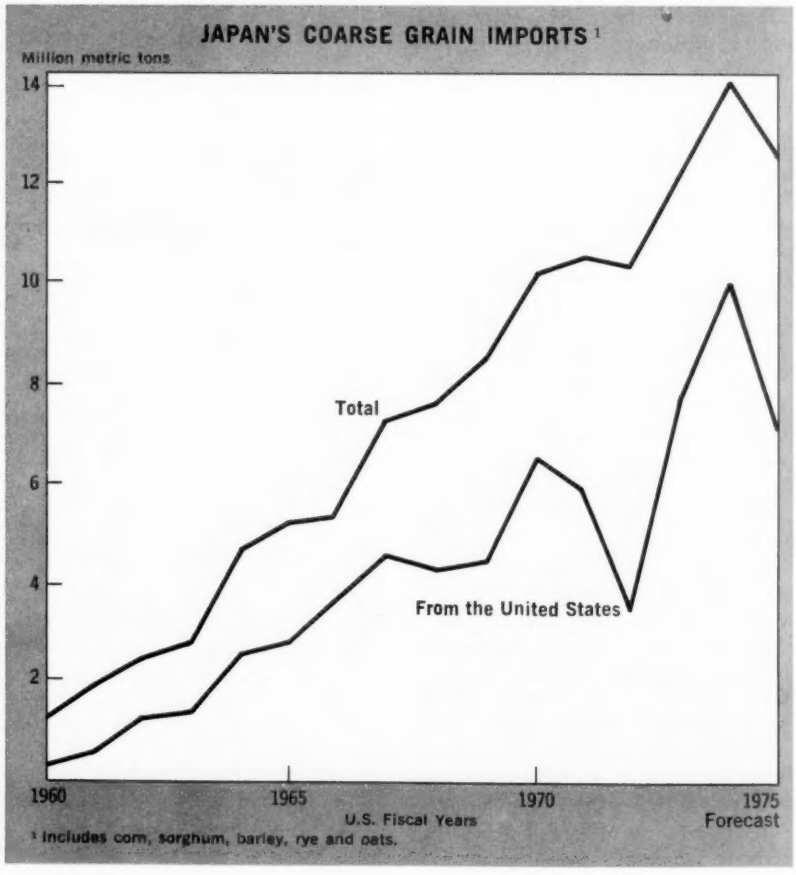
To help prevent recurrence of balance-of-payment deficits Japan may revert to an emphasis on importing products with as little value added as possible, that is raw materials as opposed to imports of finished products.

For example, in 1973 Japan was for the first time a net importer of textiles. Since the capacity for import substitution for textiles (but not for raw cotton) exists, Japan may return to its traditional position as a net exporter of textiles, in the short run at least. Cotton imports may, therefore, be larger than they might have been in the absence of the balance-of-payments deficits, despite the increase in cotton prices.

U.S. EXPORTS TO JAPAN, FISCAL 1972-1975

Commodity	Unit	1972	1973	Percent change from 1972	1974	Percent change from 1973	1975[1]	Percent change from 1974
Wheat	Mil. bu.	80.4	124.1	+ 54	112.7	− 9	115.0	+ 2
Corn	Mil. bu.	99.7	220.0	+121	274.6	+25	240.0	− 13
Sorghum	Mil. bu.	49.8	104.8	+110	274.9	+20	85.0	− 32
Soybeans	Mil. bu.	110.2	125.9	+ 14	101.0	−20	110.0	+ 9
Cotton	Mil. bale	0.734	.995	+ 36	1.284	+29	1.0	− 22
Tobacco	Mil. lb	62.5	73.3	+ 17	88.7	+21	100.0	+ 13
Cattle hides	Millions	6.1	8.1	+ 33	6.4	−21	6.8	+ 6
Tallow	Mil. lb	308.7	404.3	+ 31	328.8	−19	330.0	0
Soybean meal	1,000 s. tons	43.0	240.0	+457	187.0	−22	20.0	− 89
Grapefruit	Mil. lb	175.4	204.1	+ 16	330.4	+62	300.0	− 9
Alfalfa meal	1,000 s. tons	320.0	321.0	0	336.0	+ 5	200.0	− 40
Lemons	Mil. lb	155.5	192.2	+ 24	193.3	+ 1	220.0	+ 14
Almonds	Do	9.2	13.8	+ 49	17.5	+27	10.0	− 43
Total agricultural	Mil. dol.	1,163	2,258	+ 94	3,356	+49	3,400	+ 1

[1] Forecast.



Voluntary Curbs Proposed On U.S. Imports of Meat

By FOREIGN COMMODITY ANALYSIS,
Livestock and Livestock Products
Foreign Agricultural Service

IN AN EFFORT to prevent the U.S. market from being flooded with abundant foreign supplies of beef, the United States is negotiating voluntary arrangements with meat-exporting countries to limit their shipments in calendar 1975.

The voluntary program—now being negotiated by the State Department with those countries eligible to ship fresh, chilled, or frozen beef, veal, mutton, and goat meat to the United States—is being pursued as an alternative to activating U.S. meat import quotas.

As a result of the proposed voluntary program, estimates of U.S. meat imports subject to the Meat Import Law (P.L. 88-482) have been placed at 1.15 billion pounds for calendar 1975. This estimate is roughly 30 million pounds below the quantity that would trigger import quotas under the Law. In the absence of voluntary arrangements, the estimate of imports would have exceeded the trigger level of 1.182 billion pounds.

At the currently estimated level, imports of meat in 1975 will be about 8 percent above last year's imports, which were held in check by relatively low U.S. prices for manufacturing grade beef. Although U.S. prices for utility cows and other nonfed animals will influence imports this year, other top importing countries have virtually embargoed beef purchases, so that beef-exporting countries face a real challenge in marketing their increasing supplies.

U.S. livestock producers, hard hit by a combination of rising feed prices and skidding product prices, have favored reimposing quotas on imported meat. But for consumers, restrictions on meat imports could exert an upward pressure on meat prices—already pushed up by inflation. Further, quota restrictions could put the United States in a defensive position in the upcoming round of world trade talks, which aim at freeing world trade from restrictive barriers.

Nevertheless, the U.S. import quotas will remain an ace-in-the-hole, providing a safeguard in case the new policy of voluntarily limiting imports proves unsuccessful. Imports of meat into the United States have been unrestricted since mid-1972, while voluntary restraint programs were in effect from 1968 to mid-1972.

U.S. imports of meat subject to the Law come primarily from Australia—far the largest source—New Zealand, and the Caribbean area, with lesser amounts entering from Mexico, Canada, and Ireland. In 1974, Australia provided about 500 million pounds of meat to the United States, New Zealand about 270 million, and the Caribbean about 174 million.

The majority of U.S. meat imports subject to the Law consists of frozen beef for use as hamburger meat and for processing. This grade competes directly with domestic beef produced from culled cows or other animals that have been raised mainly on pasture, rather than fed grain.

The estimate of imports of meat subject to the Law will continue to be subject to quarterly review. During the first quarter of 1975, no large increase in imports is expected to occur, compared with last year, largely because U.S. prices for manufacturing grade beef remain low, and pasture conditions in exporting countries are still good enough for farmers to hold back cattle, rather than send them to slaughter. Cattle cannot be held on pasture indefinitely, however, so that more normal slaughter rates could increase in Central America, New Zealand, and Australia in 1975.

In the spring of 1975, U.S. utility cow prices are expected to turn up, which would make the U.S. market more attractive to foreign beef suppliers. Cow prices could reach 23 cents a pound, provided that forage conditions are good enough for U.S. farmers to hold back cows from slaughter.

In the past, U.S. liveweight prices for utility cows of 23 cents a pound have been equivalent to imported manufacturing beef prices of 70-80 cents a pound. Therefore, if imported beef prices rise to about 75 cents a pound this spring and remain there, U.S. imports subject to the Law could rise well above the estimate, barring the voluntary cutback agreements or reimposition of import quotas.

For 1975, the outlook for world beef production and trade holds little hope for improvement over 1974. Beef supplies are likely to continue to build in exporting countries. In Australia, for example, potential supplies for 1975 are reportedly huge, major traditional markets other than the United States are closed, and prices severely depressed.

Further, major importing countries are unlikely to increase their purchases to an extent that would relieve the surplus situation. In spite of higher slaughter levels in importing areas, cattle numbers have not been reduced. Neither has consumer purchasing power increased, so that meat demand is unlikely to advance markedly.

Underlying the concern over the world beef situation are import suspensions and quota restrictions imposed last year by Japan and the European Community—normally large takers of beef from world markets. Near-closure of these markets has led to the concern that countries that permit unlimited beef imports could become a dumping ground for foreign beef, sold at fire-sale prices. Excessive supplies entering an importing country would, of course, depress domestic prices and seriously disrupt the country's own beef industry.

THE EC'S suspension of beef and live cattle imports, scheduled to be removed on October 31, was extended indefinitely. But if beef consumption in the EC is to remain at 1974 levels and no herd liquidation occurs, modest imports of about 745 million pounds (carcass weight) may be necessary. The Community could meet some of this amount, however, by importing live cattle or calves, rather than beef. The EC is also considering raising its beef support prices, even though intervention purchases are continuing at a heavy rate.

Hopes that Tokyo wholesale beef prices would improve sufficiently last fall for the Japanese to issue new import quotas proved to be unfounded. Although Japan's dairy beef prices have improved since September—averaging $1.31 a pound the week of December 9, they are still below the $1.51-$1.66

rumored necessary for the Government to issue new quotas.

A third major restrictive action during 1974 occurred in Canada, which imposed 1-year import quotas on slaughter cattle, which come mostly from the United States, and fresh and frozen beef and veal. Canada's quotas, designed to protect their domestic price stabilization program for cattle, are based on average imports during the 1969-73 period. The quotas limit imports to 82,826 head of cattle and 125.8 million pounds of beef and veal, product weight. No more than 30 percent of the annual quota can enter in any one quarter.

RETALIATING against this action, the United States on November 16 imposed quotas against entry of Canadian slaughter and feeder cattle, beef and veal, slaughter hogs, and pork. These quotas from Canada are the only such quotas now enforced by the United States. Under the system, Canada is limited to annual exports of 17,000 head of cattle, 50,000 hogs, 17 million pounds of beef, and 36 million pounds of pork.

As in 1974, however, new or at least untraditional markets are expected to help relieve some of the potentially burdensome world beef supplies in 1975. Among these are the USSR, Israel, Greece, Chile, Lebanon, South Africa, Switzerland, Iran, and Kuwait.

The Soviet Union, which had not purchased red meat outside of the Soviet bloc since 1971, contracted for about 110 million pounds of beef from France and Ireland in 1974. Argentina in early July reported a Soviet contract for 27 million pounds of beef. About 80 million pounds of New Zealand mutton was sold to the USSR in July, and in early November there were reports of a possible 104 million-pound beef contract with Australia.

Major importers. U.S. livestock supplies and prices in 1975 will depend mainly on feed availability and prices. Currently, limited feed supplies and high prices suggest a continuing shift away from grain-fed beef. Weather and pasture conditions, and the severity of the winter, will also play an important role in slaughter patterns in 1975.

In any case, U.S. beef supplies are expected to continue well above last year's through all of 1975. Slaughter could rise 8-10 percent over 1974, with all of the gain likely in cow, and nonfed steer and heifer slaughter. Because animals will be marketed at lighter weights, however, beef production will rise an expected 7 percent over 1974 to a record 24.6 billion pounds—and per capita consumption could top 125 pounds.

U.S. prices for grain-fed cattle in 1975 should average near this year's prices—in the $42-$44 range. Despite a possible upturn in the spring, however, cow and feeder cattle prices will average lower than in 1974. Bumper feed grain harvests and good pastures throughout the summer could strengthen prices through the end of the year. And some of the effect of increased cattle marketings may be tempered by reductions in pork and broiler output.

In the EC, beef and veal production in 1975 is forecast at 13.7 billion pounds —down 1.5 percent from 1974. Slaughter rose 15 percent during 1974. Beginning 1975 cattle numbers are expected to be up slightly from last year. Slaughter rates could equal 1974's, with a 3 percent reduction in numbers by year-end, unless live cattle imports are resumed.

The EC began 1975 with over 500 million pounds of beef in intervention storage.

The need to resume imports of beef is not expected to occur until the last half of 1975. Increased pork production is expected to make up any deficit in red meat supplies until then.

Canada's livestock and meat situation is expected to be much the same as that of the United States in 1975. Larger beef supplies are forecast, but will be more than offset by declines in poultry and pork production. Current indications are for a 3 percent increase in beef and veal production to 2.1 billion pounds.

BEEF and veal production in Japan in 1975 is projected to be about 575 million pounds—down 10 percent from the estimated 640 million pounds produced in 1974. Heavy slaughter of culled dairy and Wagyu cows in 1974 has reduced total cattle numbers and is expected to reduce slaughter availability in 1975.

If Japan's per capita consumption stabilizes at 1974 levels, about 200 million pounds (carcass weight) of beef will have to be imported in 1975, compared with imports of only 121 million pounds this past year. If the economic situation improves and consumption increases, imports may be higher.

Major exporters. The confused situation facing the Australian beef industry makes projections for 1975 unusually difficult. Currently, Australia is faced with huge potential supplies, limited markets, and depressed prices. Seasonal conditions remain good, but producers have started to increase movements of cattle to slaughter due to liquidity problems and dismal prospects for near-term price improvement.

Beef production in 1975 is now forecast at 3.3 billion pounds (carcass weight)—up 25 percent from 1974 and the largest percentage increase in history. Numbers are available for an even larger kill, but restricted markets and low prices will tend to limit output.

The export outlook for 1975 is bleak with the United States being the only major market open. There is some hope, however, of easing in other foreign markets in late 1975.

IN NEW ZEALAND, unattractive world beef prices and a satisfactory outlook for dairy production caused producers to hold back mature stock from slaughter in 1974. Therefore, an extra 150,000 head of cattle were added to inventories at the start of the 1975 season (October 1). Current numbers on farms are estimated at 9.8 million head. Slaughter at the 1974 rate would result in approximately 970 million pounds of beef being produced in 1975—12 percent more than in 1974.

Consumption of beef and veal in New Zealand rose 4 percent last season. This year, consumption is expected to increase by the same percentage, leaving an estimated 706 million pounds (carcass weight) of beef and veal to enter into export channels next year.

Reports from the Caribbean area indicate that cattle slaughter should return to a more normal pattern during 1975. Pasture conditions are considered above average in many areas, but steadily increasing cattle population on limited range-carrying capacity is expected to increase cattle slaughter.

Total beef production in the area is now expected to be up approximately 60 million pounds (carcass weight) in 1975 to a total of 775 million pounds. While this increase in production will probably lower domestic retail prices, the scope for increasing domestic consumption is limited. As domestic prices decline, prices for export beef will become more competitive.

Exports of beef and veal to the United States from Mexico are expected to have declined from 67 million pounds in 1973 to 36 million in 1974. Much of the de-

Continued on page 20

World's Oilmeal Output To Dip In 1975, As Feed Demand Slides

By ALAN E. HOLZ
Foreign Commodity Analysis, Oilseeds and Products
Foreign Agricultural Service

FOR THE FIRST time since before 1960, the world's output of oilseeds and meals, including fishmeal, appears headed for a decline in 1975. Production is forecast to dip to 61.5 million metric tons,[1] meal basis, down 4.6 million from the record volume of 1974. Underlying the falloff is reduced meal availability from the 1974 U.S. soybean crop, somewhat smaller 1974 sunflowerseed crops in Eastern Europe and the Soviet Union, and the decline in India's 1974 peanut crop outturn.

Demand for high protein meals, used extensively in livestock and poultry feeds, is also slated to turn down, however, particularly in the United States, where producer concern over livestock and poultry profits could depress feed use.

In 1975, U.S. output of meal—predominantly from soybeans—is forecast at 27.8 million tons, 6.6 million below the 1974 record volume. This assumes that the U.S. soybean crop holds at the November estimate of 1.244 billion bushels. Thus, U.S. meal production in 1975 will comprise only 45 percent of world output of all major meals, compared with a record 52 percent in 1974 and 51 percent in 1973.

The shock of this huge decline, however, will be partly cushioned by the sizable buildup in U.S. stocks of soybeans and meal from the unprecedented 1973 crop. Although U.S. stocks in 1974 increased by 2.73 million metric tons, meal basis, this is still not sufficient to forestall a substantial decline in U.S. supplies this year.

In foreign countries, oilseed meal output, plus fishmeal, could grow by 2 million tons over last year's 31.7 million tons. This gain is predicated on the following:

- Brazil's 1975 soybean crop, not yet harvested, will yield 8.5 million tons—1.1 million tons of meal more than 1974.
- Peru's fishmeal output in 1975 is

[1] Data compiled as of December 10, 1974. Includes Northern Hemisphere crops harvested in the second half of 1974 combined with estimates of Southern Hemisphere crops yet to be harvested in the first half of 1975. Meal production data are calculated on the basis of assumed meal extraction rates applied to that portion of each crop available for crushing and/or export and not actual crushings. Data on meal are expressed in terms of soybean meal equivalent at 44 percent protein.

OILSEEDS AND MEALS: ESTIMATED PRODUCTION AND EXPORTS, UNITED STATES AND WORLD[1]
[In million metric tons]

Item and year	United States		Foreign		World		Soybean		Other	
	Actual	Annual change	Actual	Annual change	Actual	Annual change	Actual	Annual change	Actual	Annual change
Production:[2]										
1970	25.36	+1.06 trend	27.21	+0.73 trend	52.57	+ 2.00 trend	27.04	+1.34 trend	25.53	+0.28 trend
1971	25.22	− .14	28.55	+1.34	53.77	+ 1.20	27.72	+ .68	26.05	+ .52
1972	26.16	+ .94	28.52	− .03	54.68	+ .91	29.84	+2.12	24.84	−1.21
1973[3]	28.50	+2.34	27.63	− .89	56.13	+ 1.45	32.81	+2.97	23.32	−1.52
1974[4]	34.42	+5.92	31.72	+4.09	66.14	+10.01	40.77	+7.96	25.37	+2.05
1975[4]	27.79	−6.63	33.75	+2.03	61.54	− 4.60	35.28	−5.49	26.26	+ .89
Exports:[5]										
1970	13.31	+1.06 trend	10.05	+0.19 trend	24.26	+ 1.25 trend	14.31	+0.99 trend	9.95	−0.09 trend
1971	13.44	+ .13	11.17	+ .22	24.61	+ .35	14.76	+ .45	9.85	− .10
1972	13.53	+ .09	12.11	+ .94	25.64	+ 1.03	15.75	+ .99	9.89	+ .04
1973[3]	15.25	+1.72	10.65	−1.46	25.90	+ .26	18.10	+2.35	7.80	−2.09
1974[4]	17.31	+2.06	12.09	+1.44	29.40	+ 3.50	21.68	+3.58	7.72	− .08
1975[4]	16.44	− .87	14.68	+2.59	31.12	+ 1.72	22.15	+ .47	8.97	+1.25

[1] Includes soybean, fish, peanut, sunflower, cotton, linseed, rapeseed, copra, and palm kernel meal expressed in terms of 44 percent soybean meal. [2] Meal production estimated on the basis of average assumed extraction rates and crushings and therefore represent potential rather than actual oil production. [3] Preliminary. [4] Forecast. [5] Includes the meal equivalent of exported oilseeds.

1.5 million tons—up by 600,000 tons on a 44-percent protein basis.

• Soviet sunflowerseed production in 1974 grossed 6.75 million tons, down 200,000 tons from 1973, soybean meal equivalent.

• India's peanut crop in 1974 totaled 5 million tons, unshelled basis, providing 260,000 tons less meal than in 1973, soybean meal basis.

Overall, world production in 1975—although below last year's—should sustain the rise in world exports of recent years. Exports of oilseeds and meals in 1975 are forecast at 31.1 million tons—1.7 million above the 1974 volume. From the United States, exports could reach 16.4 million tons or 53 percent of world exports of all major meals—somewhat less than the 59 percent supplied in 1974.

The same financial difficulties plaguing U.S. livestock and poultry producers are being felt in traditional U.S. markets for soybeans and meal. As a result, recent projects suggest that foreign requirements for high protein meals in 1975 will decline by roughly 400,000 tons, soybean meal equivalent. During 1965-73, foreign high protein meal needs increased by an average 1.6 million tons a year.

DESPITE THE projected decline in foreign high protein meal requirements, feeding rates for meal will continue to be influenced by the relative differences in prices of feed ingredients. At present, price ratios between high protein meal and grain tend to favor meal feeding, so that the proportions of meal used in feed rations should increase in 1975, continuing their long-term upward trend and giving an added stimulus to meal demand.

In 1975, meal available for feed use in foreign countries—that is, their production plus net imports from the United States—could total 49.2 million tons, 2 million tons above the 1974 volume. On the other hand, meal availability in the United States—output minus net exports—is expected to decline sharply.

One reason for the falloff is a likely decrease in U.S. livestock and poultry numbers this year, triggered by deepening producer concern over industry profitability. An easing in animal numbers will overshadow any increase in feeding rates, so that U.S. meal consumption will slump significantly below the record volume of 1973-74. Despite the forecast dip in consumption, U.S. stocks of soybeans and meal are expected to be drawn down in 1975 in order to supply foreign market demand.

Following above-normal growth in 1973, mixed feed output in traditional U.S. markets readjusted to a slower growth rate last year. Throughout most of 1974, total imports of oilseeds and meals in eight major West European countries and Japan were about 8 percent below the same period of 1973. Imports of soybeans and meal, however, ran about 4 percent ahead of 1973's. Among the various markets, France, Spain, and the Netherlands increased their imports, while Japan and West Germany cut back somewhat.

In spite of problems confronting the livestock industries of most traditional U.S. markets for soybeans and meal, livestock and poultry industry growth is likely to continue strong in Eastern Europe and the Soviet Union. In the USSR, for example, growth in requirements for high protein feeds are expected to be nearly double the annual trendline gain of 300,000 tons. Theoretically, Soviet import requirements for meal could approximate 500,000 tons, if feeding rates continue to grow on trend.

The changing world situation during the past 2 or 3 years is exerting a number of pressures on meal production, consumption, and prices. Among these are:

• Higher prices for petroleum products have increased food production costs through fuel and fertilizer.

• Inflation as measured by Consumer Price Indexes exceeded the growth in incomes of many consumers, thus forcing some changes in food consumption habits.

• Higher prices for feed in relation to livestock products have curbed producer incentives to expand output.

• Food demand for vegetable protein has been slowed by the recent dip in hamburger prices, but is expected to continue to expand over the long term.

• The wide variations in prospective 1975 meal availabilities and foreign demand have caused much uncertainty. The barometer of this uncertainty may be reflected in part by the disparity between USDA's moderate export estimates and huge outstanding export registrations.

• The economic crunch that most developed oil-deficit countries now face in general seems to be eroding consumer confidence and demand.

U.S. Livestock And Meat Prices Spur Trade With Mexico

MEXICO currently is an active market for imports of U.S. cattle, dairy breeding animals, sheep, and horses. Lower prices of U.S. livestock and meat, vis-a-vis higher Mexican prices, are continuing to retard Mexican beef and veal exports to the United States, while U.S. cattle exports to Mexico probably will continue at a brisk rate until Mexican cattle are marketed at lower prices.

The spread between sheepmeat and beef prices has created a stronger demand in Mexico for lamb and mutton, and has resulted in increased sheep slaughter. U.S. suppliers of sheep for slaughter and breeding thus are in a position to increase their exports to Mexico for this expanded market.

Increased imports of U.S. horses for slaughter are also needed to fill continuing Mexican demand, since local supplies are declining.

Even though cattle in many regions are at slaughter weight, cattle raisers are electing not to sell at current prices, and are, instead, continuing to graze their herds.

Packinghouses that in other seasons were exporting 40 percent of their total slaughter now are selling nearly their entire output in the domestic market, since they find it difficult to sell to the U.S. market.

Boning cows (whose meat is sold with bones removed), for example, are priced at about 30 cents per pound, compared with 15 cents in the United States. Because of these price differentials, U.S. live animal exports to Mexico in the first 8 months of 1974 were up slightly from the same period of 1973.

Additional dairy breeding animals are needed to increase milk production and to eliminate the estimated total annual milk deficit of about 200 million gallons. Mexico's milk production is now about 106 million gallons per year.

Most Mexican cattlemen are retaining their cattle rather than accepting the price reductions needed to compete with imported cattle and beef prices. Most

animals slaughtered for export, therefore, are of U.S. origin. Cattle now retained on farms are mostly those that would normally be exported.

As a result of the large amounts of beef and veal produced in the first 10 months of 1974 and the consequent buildup of large stocks, slaughter activity in the final 2 months of 1974 was at a low level. Beef and veal exports in calendar 1974 are not expected to exceed 45 million pounds.

Pork production in 1974 is expected to be down slightly from the 1973 level. The 1972 regulation requiring pork exports to the United States to be fully processed because of the danger of hog cholera makes export of pork and pork products less attractive. Only small quantities are exported to other markets, such as Japan.

Lacking viable export markets, few swine producers have commercialized their operations, and most hogs are raised on farms in lots of fewer than five. This low level of commercialization among hog farmers has been a major cause for increasing Mexico's dependence upon foreign supplies, and imports of U.S. pork have been rising.

U.S. suppliers of sheep for slaughter and breeding purposes are in a good position to increase their exports to meet increased Mexican demand. Sheep imported from the United States under the *maquila* system are slaughtered in Mexico and the carcass meat is re-exported to the United States. Meat consumption is mainly in the center lowlands and northern areas.

Even though Mexico's lower prices of sheepmeat—vis-a-vis prices of other meat—are pushing up domestic consumption, the primary interest in sheep for slaughter is increasing foreign demand. Also, the adaptability of sheep to local grazing conditions creates demand for good-quality breed stock imports, and the possibility of intensive feeding is under study.

Goats are kept primarily to supply the meat needs of rural areas that are less suitable for livestock raising—not for their milk output. A reduction in goat herds in recent years reportedly is related to increased migration to the cities. However, preliminary data indicate that goat numbers as of January 1, 1974, were up 12 percent over the total of a year earlier. If this increase is due to expanded local demand, 1974 slaughter will prove to be higher than that of calendar 1973.

Horse slaughter has risen in the past 2 years as a result of increased export of horsemeat to the United States, Japan, and Sweden. In some cases, animals are imported from the United States, slaughtered, and the meat re-exported to the United States less the offal products.

U.S. exports to Mexico of lard, choice white grease, and edible fat and offal were substantially higher in the first 8 months of 1974 than in the corresponding period of 1973. Imports of U.S. tallow in calendar 1974 probably will be nearly double those of 1973.

—Based on reports from
Office of U.S. Agricultural Attaché, Mexico City

U.S. Cattle Sales at Mexico City

U.S. breeding cattle sales contracts entered into at the Mexico National Livestock Exposition (Mexico City, Nov. 16-Dec. 1) are valued at more than $1 million. These agreements, covering about 700 animals, are expected to be reflected in continued expansion of U.S. livestock exports to Mexico in 1975. More than 700 potential Mexican buyers were contacted at the U.S. pavilion, which attracted more participating U.S. livestock associations than any ever sponsored by FAS. Shown here, counterclockwise: Crowds at the U.S. pavilion; American Brahman Breeders' Assoc. booth; (from right) President Luis Echeverria of Mexico; G. R. Pettersson, Mexico's Subsecretary of Agriculture for Livestock; security guard; John Jacobs, Acting U.S. Agricultural Attaché, Mexico City; Ernesto DeLeon of Texas Agriculture Dept.

U.S. Cotton Exports Decline In 1974-75, But Recovery Seen

By JOSEPH H. STEVENSON
Foreign Commodity Analysis, Cotton
Foreign Agricultural Service

PRESSURED DOWNWARD from the high levels of the past 2 seasons, U.S. cotton exports could reach only 4 million bales in 1974-75, which began last August 1, compared with 6.1 million and 5.3 million bales in the previous two seasons. Some recovery may be in view for next season, however, as a survey by U.S. Agricultural Attachés suggests that cotton production in 1975-76 in 16 important foreign producing countries could slump by 8 percent.

Underlying this season's smaller export sales is a sharp slide in demand for cotton abroad. Textile activity is being squeezed by such factors as a downturn in the textile cycle, inflation, rising mill costs, tight credit, and erosion of consumer buying power. These problems are being compounded by the large inventories of cotton and textiles held in foreign countries.

Moreover, foreign cotton consumption—rising steadily during recent years—has turned around. Production abroad, however, has risen in response to good growing conditions and the high cotton prices of late 1973 and early 1974, which encouraged increased plantings. The gap between foreign cotton use and output is expected to amount to only about 1.6 million bales in 1974-75, with foreign stocks likely to rise by about 2.4 million bales. However, some sources predict that U.S. exports will be below the 4 million bales indicated by these estimates.

On the positive side, outstanding U.S. export sales in 1974-75 totaled about 3.25 million running bales on December 27, 1974. Shipment of 1.06 million bales by that date placed apparent commitments for U.S. cotton at 4.3 million.

Some additional support could also come from cotton's improved price competitiveness with manmade fibers this season. In Western Europe, the price of polyester fiber is now about 70 to 80 cents a pound, compared with cotton prices of under 50 cents a pound.

Recent developments in the foreign cotton situation and outlook have a direct bearing on prospects for U.S. cotton exports.

Stocks. Foreign stocks of cotton have trended upward during the last five seasons (1971-75). Until this season, they accounted for all of the increase in world stocks, while U.S. stocks stayed rather low.

This season, however, U.S. and foreign stocks of cotton will rise significantly. Foreign carryover on August 1, 1975, is expected to be about 24.5 million bales, up 49 percent from 16.1 million bales on August 1, 1971. This is less dramatic when viewed against rising consumption needs of recent years. This season, however, foreign stocks will swing up sharply while consumption is dropping.

At present, the foreign stocks situation reflects the following:

- Importing countries have been reducing stocks because of depressed textile demand, uncertainties concerning future textile costs and sales prospects, and much higher costs involved in carrying large stocks.
- A number of exporting countries did not ship all of their exportable surpluses and ended the 1973-74 season with large stocks. The 1974-75 harvests are now adding to these supplies.
- Most foreign exporting countries ordinarily do not want to carry cotton for long periods because of the costs involved and the lack of storage facilities. The 1973-74 season was exceptional, since a number of exporting countries held cotton in hopes of obtaining higher prices. This season, stocks will increase because of dull demand.

Production. Foreign production of 51.6 million bales in 1974-75 is up 2.6 million from a year earlier and at a new record high.

Over the past 10 years, production in Communist countries has fluctuated within fairly narrow limits, but an uptrend has been in evidence due to 5 consecutive record years in the USSR and good crops in the People's Republic of China in the past two seasons.

In foreign non-Communist countries, the current estimate for 1974-75 production is 28.7 million bales, up 1.5 million from the 27.2 million of 1973-74.

Recent official actions have been taken in several major producing countries—Brazil, Mexico, Pakistan, and Turkey—to support local cotton prices above international prices. These actions tend to support world prices to some degree, and temporarily hold cotton off the market in hopes demand improves.

Prospects for 1975-76 plantings in 16 major foreign producing countries have been surveyed by U.S. Agricultural Attachés, consulting with local cotton industry and government sources. The survey indicates a probable decline in those countries of about 8 percent, or 1.7 million acres, in cotton planting in 1975-76, compared with 1974-75. Cuts in cotton acreage in 1975-76 will stem from expanded food needs, higher prices for competing crops, and rising production costs.

Production is not likely to decline too much, however, because some of the most productive land will still be used for cotton. Also, in the Near East, cotton will be on irrigated acreage, and the decrease will be in rain-grown acreage where yields are lower.

GOVERNMENT policies are encouraging some diversion to other crops. For example, allocations of irrigation water in several important producing areas of Mexico will be lower in 1974-75. In the Sudan, an appreciable diversion of some 200,000 acres (about 15 percent) of cotton land to food crops has been announced.

Turkish farmers, faced with higher input costs, say they will make substantial shifts to grain crops. In Greece, farmers also were dissatisfied with 1974 prices, and cotton acreage this spring may drop by about 15 percent or 50,000 acres.

The biggest dropoff in foreign acreage appears likely in countries with high technical levels. About 85 percent of the 1.7-million-acre decrease is expected to occur in Mexico, Central America, and the Near East. These areas account for only 10 percent of the foreign non-Communist acreage. However, yields in these countries average 1.25 to

Based in part on a speech by the author at the American Farm Bureau Federation Cotton Conference, New Orleans, La., January 6, 1975.

approximately 1.5 bales per acre.

In Mexico and Central America, attachés report that 1975 area could be almost 30 percent below that planted in 1974.

While it appears that input shortages will not occur in Mexico, costs have risen sharply so that present producer prices may well be below production costs. Observers put the present breakeven price at roughly 40 cents per pound, so that a price of 45 cents at planting time could moderate the expected decline in 1975 area.

In the Near East, cotton area could drop by 26 percent in 1975. Here again, input costs are of more concern than shortages. The major alternative to cotton is wheat.

Nevertheless, annual variations in foreign cotton acreage have been small. Several factors will moderate shifts in land from cotton to other crops. These include a lack of technical flexibility for rapid shifts that exists in the United States, and resistance to changes in price relationships between cotton and food crops. Cheap basic grains for domestic consumers and large cotton exports are often considered desirable for political reasons and economic development.

Consumption. Cotton consumption abroad grew from an annual rate of 0.9 million bales in 1969-70 to 2.7 million in 1973-74. This season, however, consumption could decline sharply if general economic activity does not pick up soon. The drop in non-Communist countries is in contrast to a further increase expected in Communist countries.

Textile activity abroad has decreased sharply in recent months, and foreign trade sources generally say it may be mid- to late-1975 before textile activity picks up again. Meanwhile, inventories of processed goods are being drawn down. Smaller inventories should eventually be a positive factor leading to increased cotton market activity.

Most of the foreign cotton consumption increase in recent years has been in Communist countries, Asian markets, and perhaps most striking of all, in raw cotton-exporting countries. Prime examples of rising use in exporting countries are Brazil, Pakistan, Mexico, Turkey, and Iran.

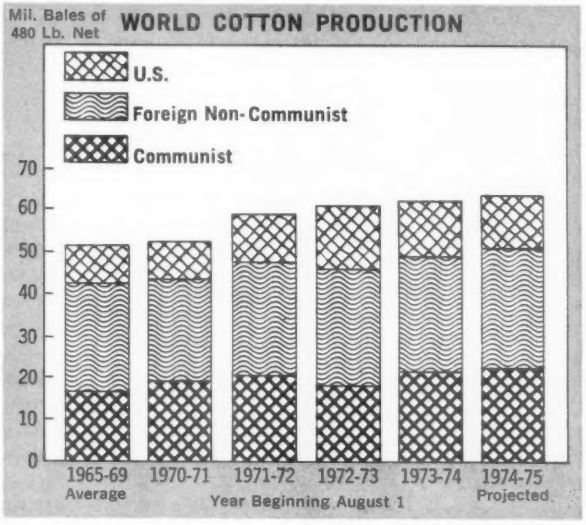
In the longer term, foreign cotton consumption appears likely to resume the uptrend of the past decade. Cotton use should be favorably influenced by growing populations, higher incomes, desires for more and better clothing and other textiles, and the research and promotion of Cotton Council International, the International Institute for Cotton, and Cotton Incorporated.

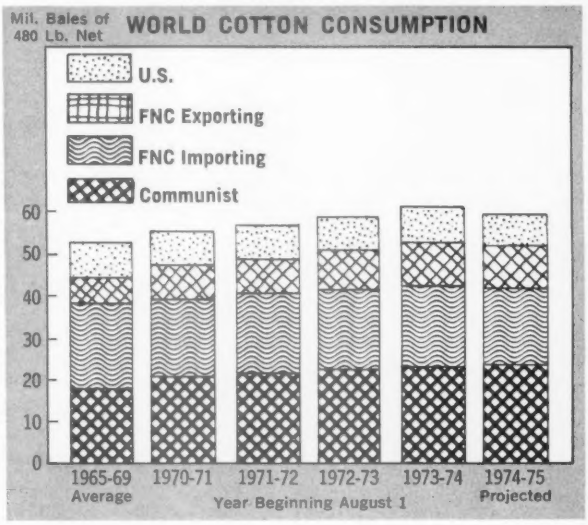
Although the market for manmade fibers is also currently depressed, cotton can expect intense competition from manmade fibers in the years ahead, both in developed and developing countries. In the future, worldwide consumption of manmade fibers seems likely to continue to grow rapidly and consumption of cotton more moderately.

Prices. World cotton prices have been very responsive to actual and anticipated changes in supply and demand, which until 1974-75 have been in close balance.

Cotton prices c.i.f. Europe have declined over the last year and by late December were under 50 cents per pound. This sharp decline is the result of weak demand for cotton around the world, in combination with larger available supplies.

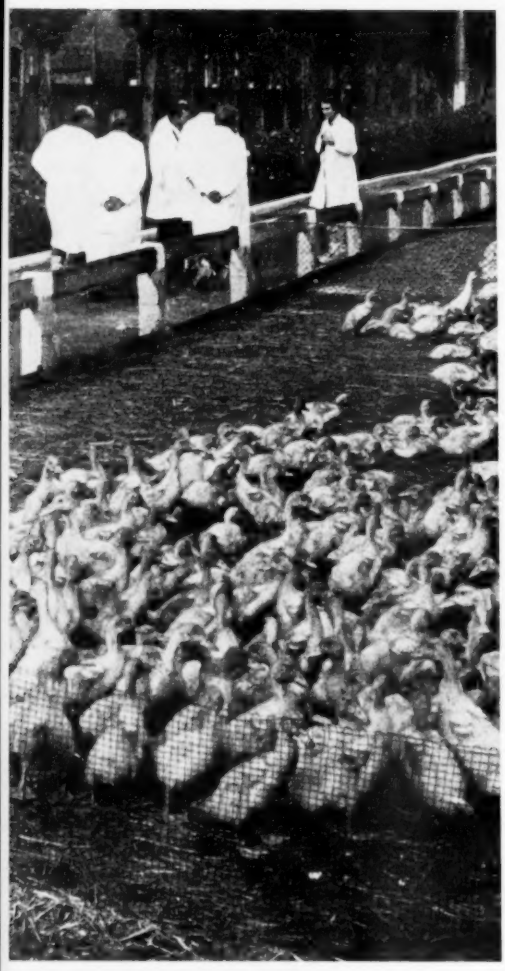
By contrast, prices climbed sharply and continuously for almost 18 months until early 1974, when they reached nearly $1 per pound. This resulted from adverse weather in 1972 and 1973; China's shortfall in production in 1972 and large purchases on world markets; implications of the 1973 energy crisis on cotton and manmade fiber production, transportation, and power; and currency realinements and inflation.





Trade. The outlook for the current season is for world exports to decline to around 17.6 million bales, reflecting the sharply depressed demand, the tendency to reduce inventories, plus a "wait-and-see" attitude on general economic conditions.

Foreign non-Communist countries are expected to export about 500,000 bales more than the exceptionally low level of 10 million bales last season, when they held some cotton off of world markets in hopes of obtaining higher prices and to assure domestic supplies. The continuing record levels of production in the Soviet Union could mean larger exports from that country late this season and again next season.



U.S. team views the Yagotin poultry farm and processing plant, Kiev Oblast, Ukrainian SSR, top. Team members, above, are greeted by Soviet hosts on a visit to a greenhouse used for fruit and vegetable production on Shorsa State farm, Kiev Oblast.

USDA Team Surveys Soviet Farm Planning System

By H. REITER WEBB, JR.
Deputy Assistant Administrator
Foreign Commodity Analysis
Foreign Agricultural Service

IN THE SOVIET UNION and other Socialist countries, agriculture is dominated by the concept of central planning, which seems to imply that rather arbitrary decisions, made at high levels, flow down to farmers who have little voice in the plans they execute.

This is not entirely the case in the Soviet Union, say a team of USDA experts who conducted a field study in the Ukrainian SSR, in conjunction with the third meeting of the U.S.-USSR Joint Working Group on Agricultural Economic Research and Information in Moscow last October.[1] Further, the team concluded that price incentives—usually in the form of bonuses for deliveries over the plan—play an important role in Soviet agriculture.

The team's survey indicated that the Soviet planning system for agriculture does indeed include participation at all levels—from the individual farm to the all-union or national level—in developing and to a lesser extent carrying out both 5-year and annual plans.

Furthermore, neither the 5-year nor the annual plans covers all agricultural production in the USSR. Both are basically limited to mandatory Government procurement levels for primary agricultural products. Total production, on the other hand, includes both overfulfillment of plan levels and that from private plots. Also, mandatory procurement levels for grains are fairly minimum, and some flexibility in rationalizing agricultural output exists both within and above plan levels.

A review of the political organization of the USSR is basic to understanding the complex structure of Soviet planning in agriculture. Immediately below the national level are the republics, which include the Russian Soviet Federated Socialist Republic, the Ukraine, Kazakahstan, and 12 smaller ones. The larger republics are divided into oblasts, and occasionally krays and autonomous republics—about the size of smaller States in the United States. Oblasts, in turn, are composed of rayons, roughly similar to U.S. counties.

Ministries of Agriculture at the republic level are responsible for production on collective farms, while republic Ministries of State Farms oversee state farms. Other ministries direct land reclamation, marketing, and many other facets of Soviet agriculture.

At a lower level, state farms and specialized Government agricultural enterprises may be organized into oblast trusts, consisting of units that specialize in a specific area of agricultural production. Within rayons, some of the specialized agricultural enterprises, such as poultry farms and processing plants, may be combined into associations.

Throughout the Soviet Union, a number of agricultural institutes carry out research and provide recommendations on a wide variety of topics such as agricultural economics, efficient use of resources, cost analysis, and compensation plans.

Both 5-year and annual plans flow upward and downward through this complex structure, being reviewed at each level by executive and legislative bodies, after consolidation by planning committees. Requests for inputs flow up through channels of the agricultural supply organization, while actual production plans follow a different path. The two are integrated at the republic level, within guidelines established at the national level. Finally, the approved plan covering both production and availability of inputs proceeds downward through oblast and rayon levels to the individual farm.

Within this complicated framework,

[1] In addition to the author, members of the U.S. delegation who participated in the study were Irene Murray, U.S.-USSR Secretariat, FAS; and Lyle P. Schertz and David M. Schoonover, Economic Research Service. A more comprehensive report will be issued by ERS.

planning organizations seem to have the principal responsibility for coordinating the development of plans and seeing that they are carried out. The USSR State Planning Committee (GOSPLAN) has the key role of reviewing the aggregate plan levels submitted from the various republics.

GOSPLAN insures that plans conform to the levels of production and availability of inputs decided upon within the political structure. It integrates these considerations into guidelines for the achievement of national objectives, which then can be transmitted back to the planning committees of the various republics.

Mandatory procurement levels are based on a review of recent historical data and assumed yield increases of as much as 10 percent a year. Despite this relatively high assumed rate of increase, the quantity of inputs needed for optimum or even maximum production are not yet available in the USSR. Relatively large yield increases are attainable as more inputs, such as fertilizer and additional equipment, become available to agriculture.

The official Soviet viewpoint is that total agricultural production targets are based on consumption norms. But the capacity of the USSR to produce food in the quantities and variety needed to meet latent consumer demand is clearly restricted by the availability of needed inputs. Officials at both the national and republic levels stated that farm requests for inputs needed to maximize agricultural production greatly exceed the potential supply. In addition to limited availability of fertilizer and equipment, inadequate amounts of protein reportedly are available for use in animal feed rations.

Recommendations from individual farms, as well as those of intermediate planning organizations, apparently receive genuine consideration throughout the decision-making process. Furthermore, when developing their proposals, farm managers have a good idea of both the procurement targets they will be required to meet and the inputs that will be allocated to them.

Some Soviet farmers indicated there is seldom more than a 10 percent difference in either procurement requirements or input availabilities between their proposals and the binding plan which eventually comes back to them.

Five-year plans for Soviet agriculture establish guidelines covering minimum procurement requirements for major agricultural commodities, anticipated availabilities of inputs such as fertilizer and machinery, and other factors for the duration of the plan. The current plan covers the period 1971-75. Development of the plan for 1976-1980 was well underway at the time of this field study.

Soviet prices remain stable for long periods of time, although some are seasonal and others vary by zones. The most recent review of prices paid to farms for fulfilling plan procurement levels was in 1965, although substantial modifications for livestock and milk took place in 1970. The most recent changes in retail food prices through the state distribution system took place in 1962. Prices for farm inputs also remain unchanged for long periods of time.

THE CURRENT 5-year plan calls for mandatory overfulfillment of government procurement levels by 35 percent for grain and 8 to 10 percent for meat and milk, but only at the national level. The actual achievement of that target by individual farms is largely dependent upon price incentives, and a 50 percent bonus is paid for deliveries to the State above plan. However, if aggregate national production estimates do not reach the target level, each lower unit is instructed to review its plans and find the means to achieve its share of the national goal.

Annual plans establish specific government procurement levels, as well as the availability of inputs, with perhaps some slight modifications from the levels of the 5-year plan, and have the force of law. However, some flexibility exists even here. Farms have some discretion in their use of land and other resources to fulfill mandatory procurement requirements.

Farm managers can request a deviation from the plan at the local level if another farm wishes to make an offsetting deviation. Rather broad discretion exists for production over plan, and it is interesting to note that even in a Socialist economy, maximization of profit was constantly given as the determining factor for such production.

A rough balance appears to exist between the income farms receive from meeting the mandatory procurement requirements of the current plan and their expenses—although these terms may well have very different meanings in the Soviet system. Thus, profit appears

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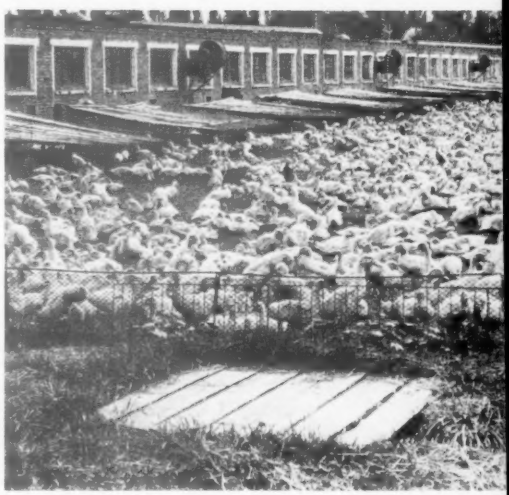

Members of USDA team pose with their Soviet hosts at the Ukrainian Exhibition of Agricultural Achievement, Kiev, top. Above, almost 2 million ducks annually are produced on the Yagotin poultry farm, for consumption mainly in the Ukrainian city of Kiev.

World's Supplies of Sugar To Remain Tight During 1975

By LESLIE C. HURT
Foreign Commodity Analysis, Sugar and Tropical Products
Foreign Agricultural Service

THE WORLD'S SUGAR situation—characterized by shortages and spiraling prices during 1974—is likely to stabilize during 1975, although the supply-demand balance will remain tight and prices are expected to be relatively high.

Market factors that caused sugar prices to snowball during 1974 are likely to abate this year. Some uncertainties caused by the expiration of the U.S. Sugar Act and the Commonwealth Sugar Agreement have been resolved. Importing countries that felt a need to buy aggressively in 1974 are not expected to enter the market as prominently. And expanded acreage, resulting largely from higher prices, could boost production—mainly of beet sugar.

At the same time, high sugar prices will dampen the usual consumption increases in some areas, notably the United States. But since many countries, especially developing countries, control prices and have not allowed consumer prices to rise to high world levels, world consumption will not be slowed to a great extent.

Worldwide production of centrifugal sugar in 1974-75 is now estimated at 80.9 million metric tons, raw basis, compared with 80.5 million in 1973-74. The sugar year, which extends from May 1 through April 30, includes any harvest begun between these dates.

Sugar crop outturns in 1974-75 are much below earlier expectations, owing primarily to poor weather conditions throughout many European sugarbeet areas. Globally, beet sugar production in 1974-75 could total 31.1 million tons, while cane could be 49.8 million, or 62 percent of the total. Thus, beet sugar output throughout the world could sag 1.6 million tons below 1973-74's, while cane sugar may increase by some 2 million tons.

World consumption in the present season is estimated at about 81 million tons—slightly exceeding production—so that carryover stocks by the end of the 1974-75 crop year will total a relatively low 15.8 million tons. The year's advance in consumption, however, could be only 2 percent, compared with a more usual increase of about 3 percent.

Substantial production gains during this crop year are expected in Australia, Brazil, the Philippines, and South Africa. Mexico and the Dominican Republic are also likely to boost their output over last year's.

In spite of dry weather in Cuba and India, crops there will probably remain about level with last year's. Cuba appears to be making progress in a program designed to mechanize production, particularly harvesting. Although cane output declined in India, the Government is providing incentives to growers to deliver their cane to mills for production of centrifugal sugar, rather than for noncentrifugal sugar, called gur.

The biggest disappointment in 1974-75 has occurred in European sugarbeet producing areas. Cold, damp weather affected crops at the early part of the season, although weather improved during the summer. Again at season's end, rain made many West European fields too wet to bring in machines for harvesting.

Similiar adverse condition prevailed in Poland and the Soviet Union. While acreage gained slightly this year in the USSR, poor weather reduced both sugar yields and production, so that outturns are expected to be below those recorded in 1973-74.

Expiration of three important sugar arrangements in 1974 caused considerable uncertainty and changes in sugar markets during the year. Recent actions, however, have resolved some of the pressures caused by the lapses of these arrangements.

The International Sugar Agreement—which expired at the end of calendar 1973—was extended through December 31, 1975, but with no economic provisions. Consultations and possibly a negotiating conference aimed at formulating a new International Sugar Agreement are expected in 1975. In the absence of special arrangements for sugar, however, more bilateral agreements are likely to be forthcoming this year.

Further, the Commonwealth Sugar Agreement expired at the end of December 1974, and the United Kingdom became fully integrated into the European Community's Common Agricultural Policy (CAP) for Sugar on January 1, 1975. Prices under the EC's Sugar CAP are far below world prices, despite a substantial increase on October 7, 1974.

The Community has also increased its sugar production quota for 1975-76. The new base quota for 1975-76 through 1979-80 has been set at 9.136 million tons of refined sugar, up 17 percent from the previous 7.82 million tons. The base or "A" quota is based on production of the EC-9 during reference period 1968-69 to 1972-73. An additional or "B" quota has been set at 45 percent of the base quota as a concession to Belgian and French producers who want to expand their output of sugarbeets.

LAST, THE U.S. Sugar Act, which established country import quotas, expired on December 31, 1974. On November 18, 1974, however, a Presidential proclamation set a global first-come, first-served quota of 7 million short tons, raw value, for sugar imports into the United States for the calendar year beginning January 1, 1975.

The 7-million-ton quota can be imported either as raw or refined sugar. By establishing a quota, the import duty can remain at 0.625 cents per pound (raw sugar). If no quota were set, the duty would triple to 1.875 cents per pound. The level of the quota will not restrict imports, however, since U.S. import requirements will be considerably less than 6 million tons for 1975.

U.S. growers of sugarcane and sugar beets will not be restricted as to the amount they plant or market in 1975. With the expiration of the Act, however, there will be no more producer subsidy payments.

Despite recent high prices there is no evidence of an explosive rush to build sugar mills. This stems from the present very high cost of constructing mills and the memory of depressed world prices following the shortage of a decade ago. Planned construction and expansion of sugar mills throughout the world will add only about 2 million tons of capacity. Additional mills will be planned to keep pace with demand.

U.S. and USSR Officials Discuss Agricultural Cooperation

By JOHN M. BESHOAR
U.S.-USSR Secretariat
Foreign Agricultural Service

THE FURTHER exchange of data on farm production and trade was among subjects discussed at the Second Session of the U.S.-USSR Joint Committee on Agricultural Cooperation, held December 3-5 at the U.S. Department of Agriculture in Washington, D.C. Although some U.S. objectives regarding exchange of economic information were not achieved, the Session made headway in efforts to improve communications between the two countries, while also reviewing progress in other areas and future plans.

The U.S. delegation was headed by Clayton K. Yeutter, Assistant U.S. Secretary of Agriculture for International Affairs and Commodity Programs, and the Soviet delegation by Boris A. Runov, USSR Deputy Minister of Agriculture. They also serve as co-chairmen of the Joint Committee.

During the 3-day meeting, the two sides discussed progress in agricultural cooperation thus far, approved a plan for cooperative work in 1975, and agreed on improved procedures for handling exchanges. In the research and technology area, the final plan for 1975 was worked out in a 1-day executive session of the Research and Technology Working Group. The plan for 1975 includes exchanges in the four basic subject areas previously agreed upon —plant, soil, animal sciences, and mechanization—and also includes an exchange of research administrators. Both sides expressed satisfaction with the results of agreements reached in the research and technology area.

The Working Group on Agricultural Economic Research and Information reached agreement last October on exchange of teams in 1975. These include U.S. teams to the Soviet Union to study and survey livestock and poultry feed utilization, winter wheat and feedgrains, spring wheat, sunflower production and vegetable oil consumption, economic forecasting including agrometeorology, and library exchange.

The U.S. side agreed to receive USSR economic teams to study location and specialization of agricultural firms; vegetable oil production, economics, and usage; horticulture and vegetable production; mathematical models for agribusiness firms; mixed and protein vitamin supplements; and library exchange.

The Joint Committee approved a combined list of teams under both working groups for 1975, as shown in the table below. The list by no means represents all of the possible areas of interest to both sides, but is an expression of the most important subjects that can be studied within current administrative and budgetary limitations.

Since the first meeting of the Joint Committee a year ago, the U.S. side has worked with the Soviets to develop the exchange of forward estimates on demand, production, consumption, and foreign trade in major agricultural commodities provided for under Article II, Paragraph 1 of the Agricultural Agreement. Although the exchange of agricultural economic information has been greatly improved during the first year

U.S.-USSR TEAMS SCHEDULED TO BE EXCHANGED IN 1975

Month	USSR to United States	United States to USSR
March	**Research Administrators**	Livestock, Poultry Feed Utilization
April	Agribusiness: Location and Specialization of Agricultural Firms **International Symposium on Waste Management**	
May	**Wind Erosion** **AI Centers**	**Veterinary Science**
June	**Forage and Grasses** **Livestock Nutrition**	**Research Administrators** Winter Wheat/Feedgrains
July	Agribusiness: Vegetable Oil Production and Usage **Rice Cultivation**	Spring Wheat **Permanently Frozen Soil** **Waste Management**
August	**Germplasm Exchange** **International Symposium on Breeding and Genetics of Corn**	Sunflower Production/ Vegetable Oil Consumption **Grain Crops—Selection and Cultivation and Study of Resistance and Genotypes**
September	Agribusiness: Horticulture and Vegetable Production **Animal Science: Holstein-Friesians**	**Mechanization Standards** **Animal Protein**
October	Agribusiness: Mathematical Models for Agribusiness Firms	Forecasting Production (Including Agrometeorology)
November	Agribusiness: Mixed Feed and Protein-Vitamin Supplements	
Research and Technology Teams		Economic Teams

of the Agreement, and each side has learned much about the statistical system used by the other, the United States believes more can be accomplished in the area of forward estimates.

The Soviet side in this meeting and in previous meetings has noted the difficulties involved in preparing estimates comparable to those published by USDA, both because the country does not compile data in the same way as the United States and because it feels that the plan figures provided give a better indication of expected results than any forward estimates that might be made available.

The Soviet side agreed to provide the United States in the near future with 5-year supply/demand projections and asked that the U.S. side do likewise. A U.S. representative noted that it is difficult to see 5 years into the future, but the United States would try to produce such information as long as it was understood that a large margin of error would be involved.

With respect to foreign trade, Soviet representatives who participated in the session characterized Soviet handling of forward trade data as having a commercial importance. The Soviet side pointed out, as it has on other occasions, that the USSR operates in the world market as one firm would and that as with individual firms, it would not be in its interest to announce buying and selling intentions. There are indications, however, that the Soviets are willing to work toward a supply/demand data system that would meet U.S. needs.

During the negotiations on economic data, both sides presented new lists of data they hoped to receive and agreed to study the feasibility of expanding the exchange of information requested by each side.

The United States request was for the following forward estimates:

- Planned production, domestic requirements, and trade of total grain and wheat in 1975—about March 1;
- Forward estimates of total 1975 production of total grain and wheat during July 1975-June 1976—about July 1, August 15, and October 1;
- Estimated domestic requirements and trade of total grain and wheat during July 1975-June 1976—about August 15 and November 15; and
- Estimate of actual production of total grain and wheat—about November 15.

The Soviet side requested the following information:

- Official projection of agricultural production for 1980;
- Short- and medium-term forecasting of prices for farm commodities;
- Projection of the input/output balance between agriculture and other sectors of the economy; and
- Methodology of surveying crops and short-term forecasts of the harvest utilizing remote sensing from satellites.

The Joint Committee directed the Working Group on Agricultural Economic Research and Information to consider and decide on the volume and time of presentation of the data requested by each side.

Although conceptual differences remain with respect to forward estimates, the two sides expressed satisfaction that the exchange of agricultural economic information had been greatly expanded over the past year and that they expected further development in 1975. The Soviet side proposed the sides work together to develop a joint methodology that would meet the needs of both sides with respect to economic data overall and forward estimates in particular. As a part of this, the U.S. side will continue its efforts to demonstrate to the Soviets the long-term advantages of providing sufficient forward information to ensure that stability is maintained in world markets for major agricultural commodities.

The meeting was held in a businesslike and friendly atmosphere, and the agreements reached in broad areas of cooperation should be of substantial benefit to both countries.

Soviet Farm Planning System

Continued from page 13

to come from overfulfillment of the mandatory procurement levels in the plan. For example, the procurement levels for grains are fairly minimal and, with the 50 percent bonus for deliveries over plan levels, profits at the farms visited were said to be as much as 25-35 percent of receipts.

If a farm fails to meet its mandatory procurement levels under the annual plan, the only sanction is debt, since its receipts would probably not cover expenses. Farms usually have funds carried over from prior years to cover this unlikely contingency and credit is also available from the State if needed.

The Soviet planning system for agriculture functions reasonably well at fulfilling mandatory procurement levels under existing conditions, which allow almost total concentration on efforts to achieve maximum production from limited resources. Planners responsible for agricultural production need pay little attention to demand factors since they consistently exceed supply.

A relatively inefficient food distribution system in the USSR also tends to dampen the effect of actual consumer demand on the agricultural economy.

If Soviet agricultural production should reach levels equal to or greater than latent demand, it remains to be seen whether or not the cumbersome system could cope with the more delicate task of balancing both sides of the equation. Also, the extent to which the success of Soviet planning in agriculture depends on price incentives is surprising for a Socialist economy.

Argentina Considers Cattle Aid Program

To offset the effects of the current world beef slump on the Argentine cattle raising and meat packing industries, Argentina currently is studying methods to reach several long-range goals:

- Establishment of new marketing standards to shorten the time required to prepare steers for slaughter;
- Introduction and extension of beef production in new areas of Argentina; and
- Equipment of more domestic meat plants for the manufacture of prepared beef dishes for exports as a way of increasing beef sales—designed to increase U.S. imports of cooked Argentine beef.

Two measures receive priority:

- Consultations between the Meat Board and the Economic Minister for special exchange rates to assist meat packers in concluding beef export sales;
- Granting of special export reimbursements to meat packers.

CROPS AND MARKETS

SUGAR AND TROPICAL PRODUCTS

Brazil Contracts for Sugar Exports

Brazil, the world's largest exporter of sugar, has announced contracts for exports of 350,000-400,000 metric tons to three countries in 1975. The first, with the People's Republic of China (PRC), is a 5-year contract for 150,000-200,000 tons a year. Some 50,000 metric tons of sugar went to the PRC in one shipment in 1974. The second contract is with Portugal and provides for shipments of 100,000 metric tons annually for 3 years. The third is with the Soviet Union for the shipment of 100,000 metric tons during the first half of 1975.

In 1973 Brazil exported 2.97 million metric tons of sugar. These recent contracts amount to only 12 percent of the 1973 volume, but indicate the strength of the market.

U.S. Cocoa Bean Grind Down

U.S. cocoa bean grindings during the fourth quarter of 1974 totaled only 106.9 million pounds, off nearly 28 percent from the corresponding 1973 period when grindings were 147.9 million. Total grindings for the year were 505.2 million pounds, representing a decline of 18 percent from the 1973 grind of 615.3 million.

Record high prices for both cocoa and sugar were primarily responsible for the lower grind in 1974 and a further decline is anticipated in 1975.

India Lowers Duty On Jute Carpet Backing

Effective December 24, 1974, India reduced the export duty on jute carpet backing to a flat rate of Rs200 (approximately US$25) per metric ton. Previous rates of export duty were Rs650 (approximately US$81) per ton on jute carpet backing weighing 7.5 ounces or more per square yard and Rs750 (approximately US$94) per ton on carpet backing weighing less than 7.5 ounces per square yard. The reduction has been made to improve the competitive position of jute carpet backing vis-a-vis synthetic substitutes in the international markets, including the United States, a major outlet for India's jute products. Export duties on other categories of jute goods remain unchanged.

U.S. Baler Twine Imports Continue at High Level

U.S. imports of baler twine in November 1974 totaled 21,921 long tons (49 million pounds), valued at $30.2 million, f.o.b. source, bringing total baler twine imports during January-November 1974 to 122,813 tons (275 million pounds), valued at $126.3 million. The November 1974 import volume was more than double that of November 1973, while the 11-month 1974 total was up 30 percent from the comparable period a year earlier.

Imports of binder twine during January-November 1974 totaled 14,214 tons, or 43 percent more than in January-November 1973.

With the current high level of imports and the drop of 8 percent in the 1974 hay crop from 1973, carryover supplies of harvest twines going into 1975 should be much improved over the low levels reported a year ago.

A continuation of the current favorable trend in twine imports through the first half of 1975 would tend to exert a downward pressure on twine prices, which were already up sharply from previous years' levels. Unit import values for baler twine climbed steadily during 1974—from an average $770 per long ton (about $13.75 per standard 40-pound bale) in January 1974 to $1,377 (about $24.50 per bale) in November. In September 1974 farmers reportedly were paying $27-$37 per bale at retail, compared to an average of around $9 per bale in calendar 1973.

OILSEEDS AND PRODUCTS

Brazil's Castorbean Crop Estimated

Brazil's castorbean crop reached a record 540,000 metric tons in 1974, sharply above the previous estimate of 400,000 tons and the revised 1973 figure of 420,000 tons. To slow the decline in castor oil prices from the high levels of early 1974, Brazil has initiated minimum export prices, a castor oil pool to regulate exports through quotas, and, more recently, Government-financed stockpiling of 40,000 tons of oil. Brazil is expected to continue domestic stockpiling and export quotas to bolster the sagging price of castor oil.

LIVESTOCK AND PRODUCTS

Japan Proposes Beef Price Support Plan

The Japanese Ministry of Agriculture and Forestry is developing a new program to provide a price support for domestically produced beef, comparable to the current Pork Price Stabilization Scheme. The program would specify a stabilization price at which designated beef will be sold at central wholesale markets in major consuming areas. A floor price and a ceiling price also will be designated.

If the market price exceeds the ceiling level, or is expected to do so, the Government will be responsible for measures, such as increasing imports, to bring the price down. If a decline in the market price below the floor price occurs, or is seen as a possibility, the Livestock Industry Promotion Council (LIPC) will discontinue resale of beef held in its stocks.

The import system is also under review. One idea is to furnish most or all of any import quota to the LIPC, which

will then approve imports at a pace that will not disrupt domestic prices. Another suggests that a monthly import quantity be established (regardless of domestic prices), with LIPC having an emergency quota to use if domestic prices rise above the ceiling level and no stocks of beef are available to release.

U.S. Holsteins Shipped to Iran

In a joint venture between Iranian and U.S. interests, 78 head of bred Holsteins recently were shipped from the United States to Iran. A second shipment totaling 83 head of bred Holstein heifers reportedly is now on the way.

In addition, a U.S.-Iranian venture has been established to acquire 125,000 acres of grazing land for the establishment of a beef operation. To fully stock the acreage, plans call for 20,000 head of brood cows to be imported into Iran over the next 3 years.

New Zealand Pays Beef Support Prices

To prevent prices of export grades of beef from declining below the levels of December 23, 1974, the New Zealand Meat Producers Board, as of January 6, 1975, began supporting export grades of beef when the price declined below a certain level.

For example, good average quality steers in the weight range of 486 to 594 pounds, carcass weight, are being purchased when the price declines below 16.8 U.S. cents per pound.

This move is being interpreted as an effort by the New Zealand Meat Board to stimulate confidence within the cattle industry and to prevent excessive liquidation of animals. Previous support programs by the Meat Board have directly benefited exporters, who then pass them on to producers.

FRUIT, NUTS, AND VEGETABLES

Chile's Wine Prospects Dim

According to industry reports, frost in October damaged Chile's 1975 wine grape crop. Preliminary data indicate that approximately 35,000 acres of vineyards were damaged.

Germany Issues Grape Import Tender

West Germany has announced a tender allowing imports of canned grapes from the United States and a number of other countries. Applications for import licenses must be made no later than June 19, 1975. Licenses issued will be valid until June 30, 1975. Fruit must be canned in containers having a net content of less than 4.5 kilograms (9.9 lb).

Mexican Pineapple Harvest Up

Mexico's pineapple harvest in 1975 should be larger than 1972's as a result of higher contract prices. The total amount processed could rise to 115,000 metric tons from 75,000 in 1974 (out of a total harvest that year of 230,000 metric tons). The 1974 pack is estimated at 919,000 45-pound cases of canned pineapple and 395,000 cases of pineapple juice. In 1973 the pack was smaller, totaling 796,000 cases of canned pineapple and 343,000 cases of pineapple juice.

Pineapple for processing was contracted for early during the 1974 season at about $32-$36 per metric ton, compared with $24 per metric ton in 1973. Pineapple for processing for the 1975 season will likely be contracted at $48-$64 per metric ton, but industry sources expect the bulk to be contracted for at $48.

There is much interest in the expansion of processing facilities to meet strong foreign demand. However, raw product supplies will have to rise significantly to meet any sizable expansion in plant capacity. During the 1973 season, processors bought most of their supplies on the free market.

DAIRY AND POULTRY

EC Poultry Levies Block U.S. Trade

The European Community's recent levy increases on poultry items are beginning to block U.S. trade. One recent shipment involving $75,000 worth of chicken breasts to the United Kingdom was jeopardized when the levy charge rose nearly seven-fold—from $2,000 to almost $14,000. U.S. chicken breasts have shown some potential in specialized markets in the United Kingdom, but future prospects now seem bleak.

U.K. Milk Output Down

The number of dairy cows in milk in the United Kingdom in September 1974 totaled 2.28 million head—down 3 percent from the September 1973 level. The decline in numbers has reduced output, and the industry has warned of a shortage of manufactured milk in the United Kingdom this winter.

In September 1974 total U.K. milk production was down by about 3 percent from the previous year's level. On the other hand, fluid consumption, boosted by a consumer subsidy, was up about 2.5 percent. The balance of the supply for manufacturing purposes fell by 11.5 percent in September 1974, with a sharp decline in the quantity of milk used in butter production (down 80 percent, compared with the September 1973 level).

U.S. Ships Less Poultry Meat To West Germany

U.S. shipments of poultry meat to West Germany in 1974 are estimated at 9,600 metric tons, 30 percent below the 13,732 metric tons shipped in 1973. This decline is almost entirely the result of the sharply increased poultry gate prices, which became effective August 1, 1974, and to the series of increases in supplemental levies.

GRAINS, FEEDS, PULSES, AND SEEDS

EC Sets Grain Import Levies

Prices for U.S. corn and sorghum in nearby positions dropped below European Community threshold price levels for those grains as of January 2, 1975. As a result, import levies, effective January 3, were established for both corn and sorghum. The current import levy per metric ton for wheat is $6.93 and for corn, $5.72. The wheat export tax has been reduced from $94.50 to $37.80 per metric ton.

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Jan. 21	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-13.5	5.42	−36	6.50
USSR SKS-14	(1)	(1)	(1)
Australian FAQ[2]	(1)	(1)	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	5.32	−35	6.45
15 percent	5.48	−31	(1)
U.S. No. 2 Hard Winter:			
13.5 percent	4.98	−40	6.24
No. 3 Hard Amber Durum	6.88	−47	9.05
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	3.63	−17	3.54
Argentine Plate corn	4.24	−7	3.92
U.S. No. 2 sorghum	3.58	−23	3.46
Argentine-Granifero sorghum	3.73	−20	3.42
U.S. No. 3 Feed barley	3.59	−15	3.11
Soybeans:			
U.S. No. 2 Yellow	6.43	−80	7.14
EC import levies:			
Wheat	.77	+58	0
Corn	.38	+24	0
Sorghum	.42	+25	0

[1] Not quoted. [2] Basis c.i.f. Tilbury, England.
NOTE: Price basis 30- to 60-day delivery.

USSR To Expand Grain Storage

The Soviet Union has launched a 5-year program (1975-1980) to construct additional grain storage facilities totaling 40 million metric tons by 1980. Of this total capacity, elevators will provide storage for 34 million tons and steel silos for 6 million tons. Because of inadequate storage facilities, post-harvest losses of grain are sometimes extremely high.

COTTON

U.S. Cotton Exports Rise Sharply

U.S. raw cotton exports in November 1974 totaled 272,000 running bales, 6 percent above the November 1973 level. Despite the improvement in November 1974 shipments, unusually low exports in the first 3 months of the 1974-75 crop year held cumulative August-November shipments to 778,000 bales, 30 percent below those for the same period last season.

With larger supplies now available from the current harvest, November shipments to European destinations reached more normal levels. November shipments to Europe, totaling 82,000 bales, were 82 percent higher than those for November 1973, bringing the cumulative August-November total to 154,000 bales, roughly the same as cumulative shipments for the same period last season. Exports in November to Asia and Oceania of 176,000 bales brought the cumulative August-November total to 504,000 bales, 38 percent lower than shipments for the same period last season.

Of total cumulative August-November shipments this season, Europe has accounted for 20 percent; Asia, 64 percent; Africa and the Middle East, 6 percent; and the Western Hemisphere, 10 percent.

Cotton Demand/Price Slump May Reduce 1975 World Area

Cotton producers in the major foreign exporting countries will probably cut 1975 planted area sharply unless prices improve prior to planting time, according to reports from U.S. agricultural attachés in those countries. Reports also indicate that major consuming countries have little hope that a turnaround in slumping demand will occur before planting time in most countries.

Cotton producers are caught between the first decline in world cotton consumption since 1967-68 and sharply higher production costs. Those having high variable costs, mostly large producers, are expected to react by reducing acreage, while the many small growers around the world are likely to make little, if any, change in plantings.

An upturn in cotton prices hinges on improved world economic activity and declines in excess cloth, yarn, and cotton stocks. Action taken by foreign governments now accumulating cotton and yarn stocks could delay or speed up price recovery.

TOBACCO

World Cigarette Prices on the Rise

In the face of worldwide inflation Japan and Italy are considering or already have issued cigarette price increases.

Italy officially approved price increases ranging from 1.5 to 7.6 cents per pack on domestic cigarettes and from 7.6 to 22.8 cents on imported cigarettes. Higher production costs, including increased raw tobacco prices, are responsible. The retail margin also was increased from 7.25 to 8 percent of the retail price.

The Japanese Tobacco Corporation (JTC) has proposed a 55-percent average price increase, to be effective May 1, 1975. The price of the largest selling Japanese brand would increase from 27 to 43 cents per pack. The JTC contends that many costs more than doubled during 1974, and estimates that the proposed increase would yield $1 billion in additional income, two-thirds of which would go into the national tax revenue.

Other Foreign Agriculture Publications

- Record Exports of Soybeans and Meal, 1973-74; Soybean Oil Exports Higher, But Cottonseed Oil Exports Down Slightly (FOP 11-74)
- World Tobacco Production Sets New Record in 1974 (FT 6-74)
- World Cotton Trade in 1974-75 To Drop Slightly (FC 22-74)

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FOREIGN AGRICULTURE

Curbs Proposed on U.S. Imports of Meat

Continued from page 6

crease is due to withholding of cattle by producers in response to low prices in the export market and good range conditions.

Cold weather is now, however, causing grazing areas to deteriorate, and since the first quarter of the year is normally dry, increased slaughter is anticipated during early 1975.

Assuming that cattlemen will be forced to accept reduced prices for cattle, Mexican beef should again be competitive in the U.S. market.

Irish farmers, faced with the prospect of feed shortages this winter and low cattle prices, have been marketing cattle in large numbers. Slaughter in the first 10 months of 1974 was up 57 percent from 1973. Heavy 1974 slaughter has caused beef cattle numbers to stabilize and 1975 beef production is expected to fall about 6 percent from record 1974 levels.

Exports in 1974 were running at the same level as in 1973, when production was 50 percent lower and beef stocks were expected to total 220 million pounds. If exports do not increase in 1975, this surplus will increase by an additional 175 million pounds.

In the United Kingdom, cattle slaughter is continuing at a very high level and prices have dropped sharply. In the first 11 months of 1974, cattle slaughter was up 24 percent and calf slaughter, 300 percent.

For 1975, beef production is expected to continue at near current levels—20 percent higher than 1973—and a decline in cow numbers is expected by yearend.

Argentina's cattle slaughter in 1975 is expected to be up about 13 percent from 1974 levels to 11.5 million head. This assumes a return to a more normal slaughter rate.

Beef production is expected to rise from 4.9 billion pounds in 1974 to 5.5 billion in 1975. Due to limited export markets, per capita consumption is anticipated to increase to 187 pounds (carcass weight) in 1975 from 174 pounds in 1974.

Trade sources believe that Argentina's export prospects during the first half of 1975 will be poor, with some improvement during the second half of the year, assuming the ban on EC beef and veal imports is removed.

Production of beef and veal in Brazil is expected to rise to 4.8 billion pounds in 1975—up slightly from the 4.7 billion in 1974. Due to the small rise in production, imports will again be necessary in 1975 to maintain domestic consumption at the 37 pounds per capita rate of 1974.

ALTHOUGH an export quota of 176 million pounds was authorized for 1974, it is doubtful that more than 110 million have been shipped because of limited export markets and greater domestic demand.

Production of beef in Uruguay is forecast to be about 900 million pounds in 1975—up from 650 million in 1974.

Due to the lack of approved canning facilities, Uruguay will have to rely on the fresh market as an outlet for beef exports in 1975. During 1974, Uruguay exported about 230 million pounds. Approximately 440 million pounds are expected to be exported during 1975.

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